

CORRECTED FISCAL MEMORANDUM

SB 1933 – HB 1421

January 8, 2008

SUMMARY OF AMENDMENTS (000819, 000820, 008240, 008232, 008234, 008237, 008250, 008254, 008256, 008971, 009187, 009379, 008904, 009369, 009370, 009371, 009392):

The seventeen (17) amendments collectively rewrite the “Competitive Cable and Video Services Act (CCVSA).” Amendment 000819 deletes the language of the original bill and adds new language which includes a change of the sole franchising authority from the Secretary of State (SOS) to the Tennessee Regulatory Agency (TRA), and an increase in the filing fee for certificates of franchise authority from \$150 to \$500 per application. All other amendments change numerous sections of the bill (as amended by 000819). Such changes are in regard to: (1) various changes to the administrative provisions of the CCVSA, (2) the extending of customer service requirements to satellite carriers, (3) additional requirements placed on holders of state-issued certificates of franchise authority, (4) additional requirements placed on TRA and the Consumer Affairs Division of the Department of Commerce and Insurance, (5) additional requirements regarding public, educational, and governmental (PEG) access channels, (6) changes regarding dispute resolution procedures and/or mediation, (7) changes regarding local government’s authority to regulate installation and placement of facilities within rights-of-way, and (8) other various technical changes.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Revenues – Net Impact - \$12,497,000
Increase State Expenditures - \$69,000 Recurring
\$16,000 One-Time

Decrease Local Govt. Revenues - \$2,250,000

Other Fiscal Impact – Additional changes to local government revenues of unknown amounts. Any such changes could result from changes in property tax revenues and franchise fees. However, these changes are dependent upon multiple unknown factors and cannot be measured or reasonably quantified.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

On June 4, 2007, we issued a fiscal memorandum for this bill as amended with the following estimated fiscal impact:

SB 1933 – HB 1421

Decrease State Revenues – Net Impact - \$12,490,000
Increase State Expenditures – Not Significant

Other Fiscal Impact - Additional changes to local government revenues of unknown amounts. Any such changes could result from changes in property tax revenues and franchise fees. However, these changes are dependent upon multiple unknown factors and cannot be measured or reasonably quantified.

Based on passage of Public Acts 2007, Chapter 602, Section 41, and new information received from the Department of Revenue, the fiscal impact for this bill as amended has been estimated as follows:

(CORRECTED)

Increase State Revenue – \$10,000

Increase State Expenditures – Not Significant

Other Fiscal Impact - Additional changes to local government revenues of unknown amounts. Any such changes could result from changes in property tax revenues and franchise fees. However, these changes are dependent upon multiple unknown factors and cannot be measured or reasonably quantified.

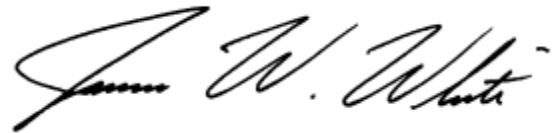
Assumptions applied to amendments:

- According to the Secretary of State, South Carolina implemented the South Carolina Competitive Services Act in 2006 (SCCSA). The SCCSA required cable franchise applications to be filed with the South Carolina Secretary of State. To date, South Carolina has received 24 applications.
- Based on the number of applications filed in South Carolina, the number of cable or video service providers that will apply for certificates of franchise authority in Tennessee is estimated to be approximately twenty (20) for FY07-08.
- Application fee proposed is \$500 per entity.
- The increase to state revenue resulting from application fees is estimated to be approximately \$10,000 for FY07-08 (20 applications X \$500 fee = \$10,000).
- Due to market saturation and the transferability of such state-issued certificates of franchise authority, any increase to revenue resulting from additional application fees in subsequent fiscal years is estimated as not significant.
- The increase to state expenditures for TRA to administer the provisions of the bill as amended is estimated to be not significant.

- The one-time increase to state expenditures for the Consumer Affairs Division of the Department of Commerce and Insurance to establish a uniform set of rules, including fines and penalties, pursuant to which an affected municipality or county shall resolve subscriber complaints is estimated to be not significant.
- According to the Office of the Comptroller, this bill as amended is not expected to increase departmental expenditures by a significant amount.
- According to the Department of Revenue, Public Acts 2007, Chapter 602, Section 41 provided the required language necessary for the department to continue collecting approximately \$12,500,000 in state sales tax revenue for video programming services that would have been lost under the amended language proposed by these 17 amendments on June 4, 2007.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc